

From: Morning Energy [morningenergy@politico.com]
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To: Jackson, Ryan [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=38bc8e18791a47d88a279db2fec8bd60-Jackson, Ry]
Subject: POLITICO's Morning Energy, presented by Chevron: Interior's 'bellwether' lease sale today — Pruitt racks up more pricey flights — Omnibus talks still in flux

By Kelsey Tamborrino | 03/21/2018 10:00 AM EDT

With help from Ben Lefebvre and Anthony Adragna

'BELLWETHER' LEASE SALE TODAY: Interior will hold its region-wide lease sale today for all available parcels in federal waters of the Gulf of Mexico. Secretary Ryan Zinke said today's sale - which Interior has touted as "the largest in U.S. history" - would serve as "a bellwether" on where oil and gas companies want to spend their money drilling. The auction will offer up 14,776 blocks across about 77 million acres.

Priming the pump: National Oceans Industry Association President Randall Luthi reminded offshore oil and gas explorers of today's big sale. "The good news is that as commodity prices and market conditions have slowly improved, the Trump administration has worked to safely reduce regulatory burden and also incentivize industry investment by offering a 12.5 percent royalty rate for shallow water leases," Luthi said in a press release. But other observers were already downplaying expectations - particularly since it doesn't include any of the new areas Zinke is considering opening up, S&P Global reports. "Industry's views on the tracts available [today] do not necessarily say much, if anything, about industry's interest in [the eastern Gulf of Mexico] or Atlantic one to six years from now," Christopher Guith, of the U.S. Chamber of Commerce's Global Energy Institute, told S&P.

Keep in mind: Last summer's auction to oil and gas companies raised far less money than officials initially anticipated, Pro's Ben Lefebvre reported. That underperformance may illustrate how DOI's plan to cut royalty rates isn't necessarily the solution needed to stem the long-term decline in oil and gas companies buying up the Gulf of Mexico. BOEM plans to announce the results today during an 11:30 a.m. conference call.

WELCOME TO WEDNESDAY! I'm your host Kelsey Tamborrino, and Andeavor's Stephen Brown was first to identify Tonie Nathan as the first Jewish politician to win an electoral vote in a presidential election. Nathan ran on the Libertarian ticket in 1972. For today: Since the 1974 Congressional Budget Act laid out the standard appropriations process, how many times has Congress passed all its required appropriations measures on time? Bonus points if you can name the fiscal years. Send your tips, energy gossip and comments to ktamborrino@politico.com, or follow us on Twitter [@kelseytam](https://twitter.com/kelseytam), [@Morning_Energy](https://twitter.com/Morning_Energy) and [@POLITICOPro](https://twitter.com/POLITICOPro).

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PRUITT RACKS UP PRICEY FLIGHTS: In his first year on the job, EPA Administrator Scott Pruitt spent more than \$105,000 on previously undisclosed first-class flights. That figure comes from records EPA turned over to House Oversight Chairman Trey Gowdy on Tuesday, but does not include an additional \$58,000 on charter flights and a military plane. The most expensive trip listed in the new documents? A \$16,217 trip in December to Morocco where Pruitt touted American natural gas exports, POLITICO's Emily Holden, Anthony Adragna and Alex Guillén report.

New questions on security: Sen. Sheldon Whitehouse sent a letter to EPA's inspector general asking the office to look into Pruitt's 24/7 security detail, including the administrator's use of it on non-official business such as jaunts to Disneyland, the Rose Bowl and college basketball games. "The request presents new questions concerning Administrator Pruitt's travel outside Washington, including about the aggregate cost to taxpayers, comparisons of costs incurred under previous administrators, and the cost and burden to the agency of reassigning personnel to accommodate the Administrator's travel," a spokesman said. Whitehouse's office, which declined to release the letter due to sensitive security information included in the document, said it obtained documents showing multiple agents accompanied Pruitt to those destinations unrelated to his official duties.

WE'LL KEEP THE LIGHTS ON: Batten down the hatches, folks! Between incoming snowfall and a quickly approaching funding deadline, omnibus negotiations are navigating quite the storm. Congressional leaders failed to release the \$1.3 trillion fiscal 2018 omnibus text before midnight, as they'd hoped. And it's looking grim for the bill that last week negotiators said was almost complete. Talks between Capitol Hill and the White House have moved slowly, Pro's Sarah Ferris and Kaitlyn Burton report, with several issues still on the table after administration officials participated in a lengthy meeting Tuesday afternoon with appropriations leadership.

"Everything that remains is going to be pulling teeth to resolve," said a senior congressional aide with knowledge of the meeting. In all, four of the 12 subcommittees have yet to close out their bills, according to a Democratic appropriations aide, including Interior-Environment. The House is aiming to vote on the bill Thursday, though timing could be affected by the snowstorm expected to hit Washington today. Read [more](#).

More trouble on the horizon: Count House appropriators among those decidedly not on board with using the omnibus to advance a controversial Mississippi flood control project long-sought by outgoing Senate Appropriations Chairman Thad Cochran. "The problem is adding things that would be looked at by the House as an earmark," Rep. Mike Simpson told reporters. "We can't do that." But Simpson added he wasn't directly aware of the provision nor whether leadership planned to include language related to the Waters of the U.S. regulation.

Simpson's got plans: Though he predicted Congress would need into the weekend to clear the spending bill, Simpson said he'd be home one way or the other for knee replacement surgery ... and he's got big plans. "I'm thinking I'm going to take it out to Walter Reed and put it with Sickles' leg," he said. "We're going to go out and do a toast to Sickles' leg."

**** A message from Chevron:** Chevron and local partners are helping to provide DOERS with the hands-on technical training needed for today's jobs in the manufacturing and energy industries. Watch the video: <http://politi.co/2HBMVHd> **

IF AT FIRST TRUMP DOESN'T SUCCEED: Agriculture Secretary Sonny Perdue suggested Tuesday it might be time Congress takes a whack at resolving the ongoing dispute over the price of biofuel credits. "I think the White House is trying to determine whether they need to make a call on a decision or allow Congress to go back and fix it," Perdue told reporters at the National Press Club. "We've had some members of Congress call and say, 'We've been working on this - let us have it.'" President Donald Trump has been a part of four meetings to remedy the dispute between the ethanol industry and some oil interests, to no concrete avail.

What would a bill look like? Sen. John Cornyn and Rep. John Shimkus have some ideas. The two have been working on a bill for well over a year to overhaul the Renewable Fuel Standard, a likely vehicle for the fixes Perdue referenced, Pro's Helena Bottemiller Evich and Eric Wolff report. But the text of the Cornyn-Shimkus bill has been kept under wraps. "Interest group representatives who have seen parts of it remain mum, though it is rumored to include a national octane standard, and possibly a new kind of RIN for sales of high ethanol

blends of gasoline," Helena and Eric write. A spokesman for Shimkus said the lawmaker has "contacted staff and officials at the White House, USDA, and EPA to say that any administrative changes to the RFS at this time would be counterproductive to legislative efforts to reform the program."

(SOON) GOOD TO GO: Energy Secretary Rick Perry's suspension of uranium transfers for the remainder of the fiscal year has left Sen. John Barrasso on the verge of lifting his hold on Anne White's selection to be assistant secretary for environmental management provided he gets some additional assurances from DOE. "I appreciate very much what he said," Barrasso told ME. "We're trying to wrap some things up with the department to make sure they follow through with that."

WON'T GO AT IT ALONE: EPW ranking member Tom Carper told reporters he's working with the administration on an agreement that might speed floor consideration of EPA deputy nominee Andrew Wheeler, but said some within his own caucus won't ever consent to letting Wheeler through by unanimous consent. "[It's] really hard to ever see that one going by UC," he conceded. Remember lower-level nominees may be stuck in confirmation limbo indefinitely amid a push on federal judge confirmations and Cabinet vacancies.

THIS IS NOTABLE: Rep. Jim Bridenstine's nomination for NASA remains stalled in the Senate where it lacks the votes needed to move forward. But 12 House Democrats joined Republicans Tuesday to take matters into their own hands and urge Senate leadership to hold a vote on Bridenstine. Read their letter here.

NOT GIVING UP: Retiring Rep. Joe Barton isn't giving up on his push to complete a DOE reauthorization bill this year and plans to develop draft legislation within the next month. The Texas Republicans tells ME he'll soon sit down with Perry, DOE officials and Energy and Commerce Democrats for a meeting on the effort. Chairman Greg Walden first tasked Barton with leading a "comprehensive review" of the agency back in February 2017.

COLD CRACKS: PHMSA will hold its hearing today into the damage at two of Cheniere's LNG storage tanks in Sabine Pass, Texas, that resulted in a leak of about 40 cubic meters of gas. PHMSA opened an investigation into how the cracks developed in the two tanks, an incident Cheniere reported in late January. Cheniere has sought an informal settlement with PHMSA, saying that the government's corrective damage order detailing the damage contained "factual errors and unsubstantiated statements and misleading statements." Meanwhile, FERC told Cheniere last month to keep the two tanks out of service until more is learned about the situation.

NO WORRIES: PJM Interconnection gave the OK Tuesday for FirstEnergy to retire a 1,278 MW coal-fired power plant in West Virginia, saying the shutdown wouldn't hurt the power network's reliability, Eric reports. The plant in question is supplied by Murray Energy, whose CEO Bob Murray had pressed DOE to avert a closure of the plant. But in an analysis report not made public, a PJM spokesman said the operator did not identify any impacts to the grid from the closure of the two generating units at Pleasants Power Station. Read more.

FERC GRANTS EXTENSION FOR COMMENTS: FERC granted a 30-day extension on Tuesday for public comments on its regional grid resilience proceedings. At the commission's meeting last week, Chairman Kevin McIntyre said interested parties shouldn't limit themselves to responding to RTO comments. They should feel free to comment on any part of the proceeding.

WHAT HAPPENED IN PUERTO RICO? Six months after Hurricane Maria struck Puerto Rico, information about the botched federal response is still trickling out. After pleas for emergency fuel by Walmart and other supermarkets went unreturned by FEMA in the aftermath of the hurricane, retailers were forced to throw out tons of food, POLITICO's Lorraine Woellert reports. Congressional investigators Tuesday released emails from the supermarkets, which were sent to members of Congress for help gathering FEMA's attention. In a letter to Gowdy, Democrats request a subpoena to force DHS to provide documents related to FEMA's disaster response.

But that's not all: Ranking members from various House committees called on FEMA Administrator Brock Long to address concerns they have with his agency's response. Separately, a group of 13 senators sent a letter to the Army Corps of Engineers about the drawdown of personnel in the territory while power has yet to be fully restored.

MAIL CALL! FILL US IN: Walden, Shimkus and Oversight and Investigations Subcommittee Chairman Gregg Harper sent a letter to EPA, requesting further details on the agency's reorganization plans. Read it here.

GREENS CHEER: A federal district court in Alaska gave the go-ahead this week for a case to move forward related to the seismic impact of offshore drilling in the Arctic and Atlantic oceans. The case, *League of Conservation Voters vs. Trump*, is the first legal challenge from the LCV, though it was joined by other greens, including the Natural Resources Defense Council and Sierra Club. Read the opinion here.

SWAMP THINGS: The editorial board of the conservative Weekly Standard offered harsh words for the overspending tendencies of Trump's Cabinet on Tuesday, including Zinke and Pruitt. "Trump is frustrated, our sources tell us, by these micro-controversies and what they say about his administration. He's thinking seriously about making examples of those who've been poor stewards of taxpayer money," the board writes. "Good for him." Read it here.

QUICK HITS

- Complaints about falsified pipeline endorsements draw no response, The Wall Street Journal.
- National Park Service warned lease sale Tuesday could harm national monument in Utah, The Washington Post.
- EPA proposes tweaks to oil refinery pollution rules, The Hill.
- EPA chief wants to eradicate lead from drinking water, The Detroit News.
- Drillers snap up federal leases near Utah's wilderness monuments, Reuters.
- Pruitt aide didn't have to sign Trump ethics pledge, E&E News.

THAT'S ALL FOR ME!

**** A message from Chevron:** See how Chevron with local partners are helping DOERS get the hands-on technical training needed for jobs in the energy and manufacturing industries. Watch the video:
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